

**ATTACHMENT A**

**EXHIBIT 9**

ORIGINAL

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
)  
)

Implementation of the Pay Telephone )  
Reclassification and Compensation )  
Provisions of the Telecommunications )  
Act of 1996 )

Docket No. 96-128

RECEIVED

MAY 24 2002

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

COMMENTS  
OF THE INMATE CALLING  
SERVICE PROVIDERS COALITION

Albert H. Kramer  
Robert F. Aldrich  
DICKSTEIN SHAPIRO MORIN  
& OSHINSKY  
2101 L St., N.W.  
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*Attorneys for the Inmate Calling Service  
Providers Coalition*

May 24, 2002

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minimum compensation for inmate service providers for inmate local collect calls. The Commission invited the submission of additional cost data:

We seek additional data, to the extent such data can be developed, that might overcome the problems we identified. In particular, we seek cost and revenue data related to local collect calls made from confinement facilities, separate from data related to other services offered by payphone providers. We also seek support and justification for any costs related to inmate calling services (such as depreciation, overhead, or return on investment) that ICS providers assert differ from the costs incurred with respect to ordinary payphones.

*NPRM*, ¶74.

The Coalition has submitted additional data, described below, which confirms the need for the Commission to prescribe a minimum compensation rate for local collect calls. Such compensation would enable service providers to recover their costs of serving "marginal" confinement facilities (*i.e.*, facilities where no commissions are paid) in those states where they currently are required to charge rates below such costs. As previously discussed by the Commission, such a rate prescription is necessary to ensure widespread deployment of inmate telephone systems and fair compensation for inmate payphone service. Without rate relief, inmate service to small county jails in many states is in jeopardy, and inmate service providers are able to serve other confinement facilities only by charging increased rates for long distance service.

- A. The additional cost information submitted by the Coalition demonstrates that a minimum rate of \$2.44 per local call is necessary for ICS providers to recover the costs of a marginal inmate phone location.**

In response to the *NPRM*'s invitation, the Coalition requested its consultant, Don Wood, to prepare a study of inmate service providers' costs attributable to local collect calls. This cost study determines the cost of inmate local collect calls with substantially

greater precision than the information previously submitted by the Coalition in this proceeding, and addresses the defects perceived by the Commission in the information previously submitted. *NPRM*, ¶¶36-38.<sup>2</sup> In addition, the study rigorously adheres to the cost-based compensation methodology followed by the Commission in the *Third Payphone Order*.<sup>3</sup> A description of the study and its results is attached to these comments. See Attachment 1.

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<sup>2</sup> To address the issue of separating revenue and cost for local collect calls from other services (*Id.*, ¶37), the Wood study identifies service-specific costs and attributes to local collect calls only the service-specific costs that are specific to local collect calls. Non-service-specific costs are identified and allocated in accordance with the methodology approved in the *Third Payphone Order*.

To address the Commission's other concerns (*NPRM*, ¶38) the Wood study avoids treating commissions as costs, has fully documented its determinations of all costs, and has applied the same 11.25% rate of return used in the *Third Payphone Order*. The Commission also questioned why inmate service costs were different from public payphone costs. *NPRM*, ¶38. While there are differences between the costs developed in this study with the public payphone costs determined by the Commission in the *Third Payphone Order*, such differences are to be expected. As the *NPRM* recognizes, there are numerous respects in which inmate service facilities and operations differ from non-inmate payphone services. *Id.*, ¶9. Therefore, while the same methodology has been followed in both cases, the cost inputs are different and therefore the results are different. Indeed, it would be surprising, and perhaps a basis for questioning the study, if the costs of the disparate service operations and equipment configurations involved in inmate and non-inmate service had been found to be the same.

<sup>3</sup> In order to ensure appropriate evaluation of such cost data, the Commission must reassess certain rulings in the *Remand Order*. As explained in the Coalition's petition for reconsideration of the *Remand Order* (see Public Notice, Report No. 2553, released May 15, 2002) the Commission should reconsider and rule that: (1) in the inmate service context, Section 276(b)(1)(A) of the Communications Act, 47 U.S.C. §276(b)(1)(A), inmate service providers must be fairly compensated by end users for the full cost of the service they actually provide (not an artificially segregated portion of the service); and (2) compensation for local collect calls requires adjustment if a state rate ceiling prevents inmate service providers from recovering the direct cost of such calls plus a proportionate allocation of fixed or common costs attributable to such calls pursuant to the cost-based compensation methodology followed in the *Third Payphone Order*. *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of*

# **ATTACHMENT 1**

## **Inmate Phone Local Call Cost Study**

# **Inmate Phone Local Call Cost Study**

**May 24, 2002**

**Prepared By:**

**Don J. Wood  
Cynthia M. Wilsky  
Gregory H. Kraigher**

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## **Inmate Phone Local Call Cost Study**

recent Requests for Proposals ("RFPs") indicates that facility operators are requiring increased monitoring capabilities and other related features. The equipment acquisition costs used in the study reflect the minimum requirements set forth in these RFPs. This ensures that costs are forward-looking.

### **D.3.3 Depreciation**

The useful life of an investment is directly impacted by two constraints. First, the investment can be consumed or rendered unusable by wear and tear. This constraint is typically the limiting factor in the useful life of a durable asset in a stable industry. Second, the useful life of an investment can be limited because of technological changes that render the asset obsolete.<sup>23</sup> This constraint is typically the limiting factor in the useful life of a technology-based asset (such as computers), or assets utilized in an industry characterized by rapid change in the functionality required by customers.

Vendor bids and invoices indicate that the primary investment for an IPSP consists of the computer processing equipment that provides the functionality demanded by the operators of confinement facilities and regulators. In contrast, the basic phone units represent a minor portion of the investment for a given location.

The automated call processing equipment<sup>24</sup> has proven to be subject to technical obsolescence as the demands of confinement facility operators and regulators change. Because of these changes, IPSPs are usually required to recover their investment over the term of the contract with the confinement facility operator. These contracts range in length from three to five years. As a conservative assumption, a useful life of five years has been used in the study for this equipment. The IRS (publication number 946) also supports the use of a five year depreciable life for computer equipment.

### **D.3.4 Return on Investment**

Return on Investment should be representative of a normal economic profit on the capital investments made in order to provide the service. When this return on investment is included in the cost calculation,<sup>25</sup> a rate set equal to the calculated cost would permit the provider to receive a fair return on investment.

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<sup>23</sup> An asset can become obsolete either because it is incapable of performing a newly demanded function, or because it no longer represents an efficient method of providing required functionality.

<sup>24</sup> This equipment is comparable to a personal computer.

<sup>25</sup> The Commission has historically required this treatment of return on investment in cost studies conducted by the LECs, and adopted this approach when calculating costs to support its rate for dial-around compensation.

Inmate phones - County Jail Facilities  
Local Call Cost Study  
Location C

Line	Variables	Input	Source/Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge	\$	29.23 See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call		7.51 See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted; answering machine		0.025 See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute	\$	0.0160 See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)		1,417 See Analysis Section D.2.1 (Tab D). Documentation is available.
6	Average Number of Calls per month - All Types (excluding unbillable - not accepted)		236 Ln 5 / Ln 7 / 3 months
a	Unbillable calls - returned by LECs		4 Ln 6 * Ln 18
b	Unbillable calls - returned by LECs		4 Ln 6 * Ln 18
c	PBA/DAK Calls		- Ln 6 * Ln 19
d	Billable Calls		232 Ln 6a - 6b - 6c
7	# of Lines		2 Location Specific Data
a	Service Specific Average Number of Calls per month (excluding unbillable - not accepted)		195 See Analysis Section D.2.1 (Tab D). Documentation is available.
b	Unbillable calls - returned by LECs		4 Ln 8 * Ln 18
c	PBA/DAK Calls		- Ln 8 * Ln 19
d	Service Specific Billable Calls		191 Ln 8a - 8b - 8c
9	Billing & Collection Fees	\$	0.104 See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Validation per call	\$	0.056 See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment		
13	Depreciation period (# of months)	\$	7,375.50 Location Specific Data
14	SG&A Total (monthly cost)	\$	60.00 Calculated Pursuant to methodology set forth in Third R&O.
15	Return (profit) %		107.61 Calculated from information provided by IPSPs.
16	Commission %		11.25% Worksheet ROI, Ln 11, Col. C
17	Uncollectibles %		0%
18	Unbillable % - returned by LECs		23.10% Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)		1.9% Calculated from information provided by IPSPs.
			0.2% Calculated from information provided by IPSPs.

Input C



Inmate phones - County Jail Facilities  
Local Call Cost Study  
Location G

Line	Variables	Input	Source / Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge	\$	29.23 See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call		6.22 See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted; answering machine		0.025 See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute	\$	0.0163 See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)		4,262 See Analysis Section D.2.1 (Tab D). Documentation is available.
6	Average Number of Calls per month - All Types (excluding unbillable - not accepted)		355 Ln 5 / Ln 7 / 3 months
b	Unbillable calls - returned by LECs		7 Ln 6 * Ln 18
c	PBA/DAK Calls		1 Ln 6 * Ln 19
d	Billable Calls		347 Ln 6a - 6b - 6c
7	# of Lines		4 Location Specific Data
a	Service Specific Average Number of Calls per month (excluding unbillable - not accepted)		287 See Analysis Section D.2.1 (Tab D). Documentation is available.
b	Unbillable calls - returned by LECs		5 Ln 8 * Ln 18
c	PBA/DAK Calls		1 Ln 8 * Ln 19
d	Service Specific Billable Calls		281 Ln 8a - 8b - 8c
9	Billing & Collection Fees	\$	0.104 See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Valuation per call	\$	0.056 See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment	\$	5,050.25 Location Specific Data
13	Depreciation period (# of months)		60.00 Calculated Pursuant to methodology set forth in Third R&O.
14	SG&A Total (monthly cost)	\$	107.61 Calculated from information provided by IPSPs.
15	Return (profit) %		11.25% Worksheet ROI, Ln 11, Col. G
16	Commission %		0%
17	Uncollectibles %		23.10% Calculated from information provided by IPSPs.
18	Unbillable % - returned by LECs		1.8% Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)		0.2% Calculated from information provided by IPSPs.

Input G

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Inmate phones - County Jail Facilities  
Local Call Cost Study  
Location H

Line	Variables	Input	Source/Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge	\$	32.13 See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call		7.71 See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted, answering machine		0.025 See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute	\$	0.0160 See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)		4,222 See Analysis Section D.2.1 (Tab D). Documentation is available.
6	Average Number of Calls per month - All Types (excluding unbillable - not accepted)		469 Ln 5 / Ln 7 / 3 months
b	Unbillable calls - returned by LECs		9 Ln 6 * Ln 18
c	PBA/DAK Calls		1 Ln 6 * Ln 19
d	Billable Calls		459 Ln 6a - 6b - 6c
7	# of Lines		3 Location Specific Data
8	Service Specific Average Number of Calls per month (excluding unbillable - not accepted)		418 See Analysis Section D.2.1 (Tab D). Documentation is available.
a	Unbillable calls - returned by LECs		8 Ln 8 * Ln 18
c	PBA/DAK Calls		1 Ln 8 * Ln 19
d	Service Specific Billable Calls		409 Ln 8a - 8b - 8c
9	Billing & Collection Fees	\$	0.104 See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Validation per call	\$	0.056 See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment	\$	5,418.33 Location Specific Data
13	Depreciation period (# of months)		60.00 Calculated Pursuant to methodology set forth in Third R&O.
14	SG&A Total (monthly cost)	\$	107.61 Calculated from information provided by IPSPs.
15	Return (profit) %		11.25% Worksheet ROI, Ln 11, Col. H
16	Commission %		0%
17	Uncollectibles %		23.10% Calculated from information provided by IPSPs.
18	Unbillable % - returned by LECs		1.9% Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)		0.2% Calculated from information provided by IPSPs.

Input H

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**Inmate phones - County Jail Facilities**  
**Local Call Cost Study**  
**Location N**

Line	Variables	Input	Source / Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge \$	26.01	See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call	7.68	See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted; answering machine	0.025	See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute \$	0.0160	See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)	872	See Analysis Section D.2.1 (Tab D). Documentation is available.
6	a Average Number of Calls per month - All Types (excluding unbillable - not accepted)	291 Ln 5 / Ln 7 / 3 months	
	b Unbillable calls - returned by LECs	6 Ln 6 * Ln 18	
	c PBA/DAK Calls	1 Ln 6 * Ln 19	
	d Billable Calls	284 Ln 6a - 6b - 6c	
7	# of Lines	1 Location Specific Data	
8	a Service Specific Average Number of Calls per month (excluding unbillable - not accepted)	254	See Analysis Section D.2.1 (Tab D). Documentation is available.
	b Unbillable calls - returned by LECs	5 Ln 8 * Ln 18	
	c PBA/DAK Calls	1 Ln 8 * Ln 19	
	d Service Specific Billable Calls	248 Ln 8a - 8b - 8c	
9	Billing & Collection Fees \$	0.104	See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Validation per call \$	0.056	See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment \$	13,689.00	Location Specific Data
13	Depreciation period (# of months)	60.00	Calculated Pursuant to methodology set forth in Third R&O.
14	SG&A Total (monthly cost) \$	107.61	Calculated from information provided by IPSPs.
15	Return (profit) %	11.25%	Worksheet ROI, Ln 11, Col. N
16	Commission %	0%	
17	Uncollectibles %	23.10%	Calculated from information provided by IPSPs.
18	Unbillable % - returned by LECs	1.9%	Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)	0.2%	Calculated from information provided by IPSPs.

Input N

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**Inmate phones - County Jail Facilities**  
**Local Call Cost Study**  
**Location O**

Line	Variables	Input	Source / Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge	\$ 28.53	See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call	8.04	See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted; answering machine	0.025	See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute	\$ 0.0159	See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)	2,420	See Analysis Section D.2.1 (Tab D). Documentation is available.
6	a Average Number of Calls per month - All Types (excluding unbillable - not accepted)	269 Ln 5 / Ln 7 / 3 months	
	b Unbillable calls - returned by LECs	5 Ln 6 * Ln 18	
	c PBA/DAK Calls	1 Ln 6 * Ln 19	
	d Billable Calls	263 Ln 6a - 6b - 6c	
7	# of Lines	3	Location Specific Data
8	a Service Specific Average Number of Calls per month (excluding unbillable - not accepted)	232	See Analysis Section D.2.1 (Tab D). Documentation is available.
	b Unbillable calls - returned by LECs	4 Ln 8 * Ln 18	
	c PBA/DAK Calls	1 Ln 8 * Ln 19	
	d Service Specific Billable Calls	228 Ln 8a - 8b - 8c	
9	Billing & Collection Fees	\$ 0.104	See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Validation per call	\$ 0.056	See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment	\$ 5,961.00	Location Specific Data
13	Depreciation period (# of months)	60.00	Calculated Pursuant to methodology set forth in Third R&O.
14	SG&A Total (monthly cost)	\$ 107.61	Calculated from information provided by IPSPs.
15	Return (profit) %	11.25%	Worksheet ROI, Ln 11, Col. O
16	Commission %	0%	
17	Uncollectibles %	23.10%	Calculated from information provided by IPSPs.
18	Unbillable % - returned by LECs	1.9%	Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)	0.2%	Calculated from information provided by IPSPs.

Tariffed rates available

Input O

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**Inmate phones - County Jail Facilities**  
**Local Call Cost Study**  
**Location P**

Line	Variables	Input	Source / Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge	\$ 32.36	See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call	7.51	See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted; answering machine	0.025	See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute	\$ 0.0160	See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)	1,812	See Analysis Section D.2.1 (Tab D). Documentation is available.
6	a Average Number of Calls per month - All Types (excluding unbillable - not accepted)	302	Ln 5 / Ln 7 / 3 months
	b Unbillable calls - returned by LECs	6	Ln 6 * Ln 18
	c PBA/DAK Calls	1	Ln 6 * Ln 19
	d Billable Calls	295	Ln 6a - 6b - 6c
7	# of Lines	2	Location Specific Data
8	a Service Specific Average Number of Calls per month (excluding unbillable - not accepted)	245	See Analysis Section D.2.1 (Tab D). Documentation is available.
	b Unbillable calls - returned by LECs	5	Ln 8 * Ln 18
	c PBA/DAK Calls	-	Ln 8 * Ln 19
	d Service Specific Billable Calls	240	Ln 8a - 8b - 8c
9	Billing & Collection Fees	\$ 0.104	See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Validation per call	\$ 0.056	See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment	\$ 7,375.50	Location Specific Data
13	Depreciation period (# of months)	60.00	Calculated Pursuant to methodology set forth in Third R&O.
14	SG&A Total (monthly cost)	\$ 107.61	Calculated from information provided by IPSPs.
15	Return (profit) %	11.25%	Worksheet ROI, Ln 11, Col. P
16	Commission %	0%	
17	Uncollectibles %	23.10%	Calculated from information provided by IPSPs.
18	Unbillable % - returned by LECs	1.9%	Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)	0.2%	Calculated from information provided by IPSPs.

Input P

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**Inmate phones - County Jail Facilities**  
**Local Call Cost Study**  
**Location Q**

Line	Variables	Input	Source / Explanation
1	Local Service Charges - Flat monthly fee		See Analysis Section D.3.1 (Tab D). Documentation is available.
2	Local Service Charges - monthly line charge	\$ 29.18	See Analysis Section D.3.1 (Tab D). Documentation is available.
3a	Local Service Charges - Usage - average length of call	7.44	See Analysis Section D.2.1 (Tab D). Documentation is available.
3b	Unbillable calls - not accepted; answering machine	0.025	See Analysis Section D.2.2 (Tab D). Documentation is available.
4	Local Service Charges - Usage - cost per minute	\$ 0.0160	See Analysis Section D.2.1 (Tab D). Documentation is available.
5	Total Number of Calls (Local & Interstate)	2,162	See Analysis Section D.2.1 (Tab D). Documentation is available.
6	a Average Number of Calls per month - All Types (excluding unbillable - not accepted)	360 Ln 5 / Ln 7 / 3 months	
	b Unbillable calls - returned by LECs	10 Ln 6 * Ln 18	
	c PBA/DAK Calls	2 Ln 6 * Ln 19	
	d Billable Calls	348 Ln 6a - 6b - 6c	
7	# of Lines	2	Location Specific Data
8	a Service Specific Average Number of Calls per month (excluding unbillable - not accepted)	294	See Analysis Section D.2.1 (Tab D). Documentation is available.
	b Unbillable calls - returned by LECs	9 Ln 8 * Ln 18	
	c PBA/DAK Calls	1 Ln 8 * Ln 19	
	d Service Specific Billable Calls	284 Ln 8a - 8b - 8c	
9	Billing & Collection Fees	\$ 0.098	See Analysis Section D.3.8 (Tab D). Documentation is available.
10	Validation per call	\$ 0.056	See Analysis Section D.3.7 (Tab D). Documentation is available.
11	<Left blank>		
12	Cost of Equipment	\$ 8,189.50	Location Specific Data
13	Depreciation period (# of months)	60.00	Calculated Pursuant to methodology set forth in Third R&O.
14	SG&A Total (monthly cost)	\$ 107.61	Calculated from information provided by IPSPs.
15	Return (profit) %	11.25%	Worksheet ROI, Ln 11, Col. Q
16	Commission %	0%	
17	Uncollectibles %	19.60%	Calculated from information provided by IPSPs.
18	Unbillable % - returned by LECs	2.9%	Calculated from information provided by IPSPs.
19	Post Billing Adjustment % (PBA) - Denied All Knowledge (DAK)	0.5%	Calculated from information provided by IPSPs.

Input Q

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# **ATTACHMENT A**

## **EXHIBIT 10**

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

May 9, 2000

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., SW  
Washington, D.C. 20554

**NOTICE OF EX PARTE  
PRESENTATION**

Re: CC Docket No. 96-128 (remand of inmate service issues)

Dear Ms. Salas:

On May 8, 2000, Robert Aldrich of this law firm and Vince Townsend of Pay-Tel Communications, Inc., representing the Inmate Calling Service Providers Coalition, met with Jordan Goldstein, Advisor to Commissioner Ness.

We discussed the proceeding regarding inmate calling services on remand from the United States Court of Appeals for the D.C. Circuit. In particular, we discussed (1) the need for the Federal Communications Commission to provide, pursuant to 47 U.S.C. § 276, fair compensation for inmate service providers for local collect calls where state rate ceilings preclude recovery of the cost of the calls; and (2) the need for the Federal Communications Commission to make clear that "inmate telephone service," for purposes of the Section 276 ban on Bell company discriminations and subsidies, as well as the compensation provision, includes not only the equipment but also the collect calling service provided for the use of inmates.

Regarding the compensation issue, the following points were discussed, and are reflected in the attached material that was handed out at the meeting.

- ◆ Those commenting parties that claim to be able to make a profit in inmate services do not offer service to city and county jails (where local calls are most prevalent) in the states with the lowest rate ceilings;
- ◆ Gateway, which claimed to have been able to "earn a fair profit" under current regulations, had an \$11.4 million loss (under its new owner T-Netix) in 1999;

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DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP



# INDEPENDENT INMATE PHONE SERVICE PROVIDERS

(as of May, 2000)

## Previous Providers

## Status

## Current Coalition Providers

AmeriTel Pay Phones, Inc.	Sold	Evercom
Blair Communications	Sold	Global Telink
Coin Telephone	Sold	McLeod USA
Consolidated Communications	Sold	Pay Tel Communications, Inc.
Correctional Communications Corp	Sold	Public Communications Services
DGI Communications	Out of business	
Executone Corrections Division	Sold	
Harris Corp	Sold	
InVision Telecom, Inc.	Sold	
Kantel	Sold	
KR&K	Sold	
London Communications, Inc.	Sold	
M.O.G. Communications, Inc.	Sold	
North American Communications	Went under	
North American Intelcom	Sold	
OPUS	Halted installations/for sale	
PayCom	Sold	
Payphone Systems	Sold	
Paytel of America	Sold	
Peoples	Sold	
Quest Telecommunications	Sold	
Robert Cefil & Associates	Sold	
Saratoga Telephone	Sold	
Talton Communications	Sold	
Tataka	Sold	
Tel America	Sold	

# **ATTACHMENT A**

## **EXHIBIT 11**

September 13, 1999

Paul C. Besozzi  
(202) 457-5292  
pbsozzi@pattonbagg.com

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Re: Evercom Systems, Inc. – Revised FCC Tariff No. 1

Dear Ms. Salas:

In accordance with Sections 61.21 and 61.23 of the Commission's Rules, enclosed is a diskette containing revised FCC Tariff No. 1 of Evercom Systems, Inc. Similar diskettes are simultaneously being provided to the Chief, Tariff Review Branch and the Commission's commercial contractor, in accordance with Section 61.21 of the Commission's Rules. The requisite filing fee of \$630.00 and an accompanying FCC Form 159 are being filed in accordance with Section 61.21(a) of the Commission's Rules on this date.

Should there be any questions on this matter, please contact the undersigned counsel.

Sincerely yours,

Paul C. Besozzi  
PCB/lyt

Enclosure

cc: Mike Smith

INTERSTATE SWITCHED TELECOMMUNICATIONS SERVICE

REGULATIONS AND SCHEDULES OF CHARGES

APPLICABLE TO SERVICES FURNISHED

BY

EVERCOM SYSTEMS, INC.

This tariff includes the rates, charges, terms and conditions of service for the provision of interstate telecommunications services provided by EVERCOM SYSTEMS, INC. ("Company") between points within the United States.

This tariff cancels and replaces in its entirety Tariff FCC No. 1 previously issued by Saratoga Telephone Company effective November 17, 1998.

---

ISSUED: September 13, 1999

EFFECTIVE: September 14, 1999

BY:

Mike Smith, Manager of Regulatory Affairs  
8201 Tristar Drive  
Irving, Texas 75063

---

**SECTION 3 - SERVICE DESCRIPTION AND RATES, (CONT'D.)****3.4 Debit Services, (cont'd.)****3.4.1 Debit Services Rates**

Rates listed below are applicable to the Company's Debit Card Service and Inmate-only Debit Account Service. For billing purposes, call timing is rounded up to the next full minute increment after a minimum initial period of one (1) minute. No time of day, holiday or volume discounts apply. The Per Minute rates listed below are inclusive of all applicable taxes.

**PER MINUTE USAGE CHARGE:** \$0.65

**3.4.2 Debit Services Sponsor Program**

A Sponsor Program is offered to organizations or the Company commercial entities for distribution of Company's Debit Cards to their members or patrons. The marketing vehicle and expiration period is selected by the Sponsor upon joint agreement between the Carrier and the Sponsor. The Sponsor is responsible for name, service mark or other image on the card. The carrier reserves the right to approve or reject any image and to specify the customer information language and use of the Carrier's trade mark, trade name, service mark or other image on the card. The Sponsor may distribute the Carrier's debit card accounts at reduced rates or free of charge to end users for promotional purposes. At the option of the Sponsor, these cards may not be renewed. Debit Cards and/or Accounts issued through a Sponsor Program may not be used in conjunction with Debit Account services provided to inmates of confinement institutions.

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**ISSUED:** September 13, 1999**EFFECTIVE:** September 14, 1999

**BY:** Mike Smith, Manager of Regulatory Affairs  
8201 Tristar Drive  
Irving, Texas 75063

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SECTION 3 - SERVICE DESCRIPTION AND RATES, (CONT'D.)

## 3.5 Operator Service

Operator service consists of the provision of automated operator assistance in completing and arranging billing for calls, and the transmission of such operator-assisted calls through the resale of transmission services of other carriers. The service is provided by means of a microprocessor located inside a pay telephone, which uses recorded or simulated voice prompts to guide the Customer through the process of completing a collect, credit card, or third number billed call. The microprocessor responds to the Customer's voice or input of information by automatically processing and transmitting the information as necessary to establish a valid billing procedure for the call and to complete the call.

PER MINUTE RATES		
DAY	EVENING	NIGHT/WKND
\$0.59	\$0.59	\$0.59

Service charge \$3.95 per call.

---

ISSUED: September 13, 1999

EFFECTIVE: September 14, 1999

BY: Mike Smith, Manager of Regulatory Affairs  
8201 Tristar Drive  
Irving, Texas 75063

**ATTACHMENT A**

**EXHIBIT 12**

DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP

2101 L Street NW • Washington, DC 20037-1526

Tel (202) 785-9700 • Fax (202) 887-0689

Writer's Direct Dial: (202) 838-2290

16158 0023

ORIGINAL

ORIGINAL

April 6, 2000

EX PARTE OR LATE FILED

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., SW  
Washington, D.C. 20554

NOTICE OF EX PARTE  
PRESENTATION

RECEIVED

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

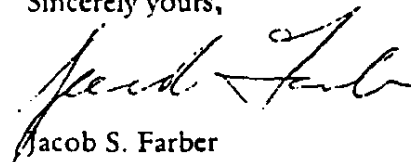
Re: CC Docket No. 96-128

Dear Ms. Salas:

On April 5, 2000, Robert Aldrich and Jacob Farber of this law firm, and Vince Townsend of the Inmate Calling Service Providers Coalition, met with Lynne Milne, Calvin Howell, Jon Stover, Al Barna, and Adam Candeub of the Competitive Pricing Division.

We discussed the proceeding regarding inmate calling services on remand from the United States Court of Appeals for the D.C. Circuit. In particular, we discussed the need for the Federal Communications Commission to act to ensure that inmate calling service providers are fairly compensated for local inmate collect calls. The attached materials, which show a correction to a cost analysis previously submitted by the Coalition, were distributed.

Sincerely yours,

  
Jacob S. Farber

Enclosures

cc: Lynne Milne  
Jon Stover  
Calvin Howell  
Al Barna  
Adam Candeub

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## INMATE SERVICE FEE - 12 Minute Local Call COST ANALYSIS

VARIABLES	Pay Phone		Inmate	
	<sup>1</sup> Local Collect Call		Local Collect Call	
Local Service Charges	<sup>2</sup> \$ 52.53		\$ 64.05	
Flex-ANI Charge	\$ 1.08		\$ 1.08	
Number of Calls	439		268	
Billing & Collection Fees	<sup>3</sup> \$ 0.18		\$ 0.18	
Maintenance	\$ 18.90		\$ 24.12	
Equipment Depreciation	\$ 12.73		\$ 29.48	
Overhead Total	\$ 19.62		\$ 59.96	
Return (profit)	<sup>4</sup> \$ 15.31		\$ 22.10	
Commission %	<sup>5</sup> 30%		30%	
Unbillables %	<sup>6</sup> 0%		5%	
Uncollectibles %	<sup>7</sup> 2%		14%	
Tax				

	(1) Pay Phone		(2) Inmate		Cost Differential (Col 2 - Col 1)
	Local Collect Call		Local Collect Call		
Local Service Charges	<sup>8</sup> \$ 0.122		\$ 0.243		\$ 0.121
Billing & Collection Fees	\$ 0.180		\$ 0.180		-
Validation	<sup>9</sup> \$ 0.113		\$ 0.170		\$ 0.057
Maintenance & Repairs	\$ 0.043		\$ 0.090		\$ 0.047
Equipment Depreciation	\$ 0.029		\$ 0.110		\$ 0.081
Overhead	\$ 0.045		\$ 0.224		\$ 0.179
Return (profit)	\$ 0.035		\$ 0.082		\$ 0.048
Total Costs	\$ 0.567		\$ 1.099		\$ 0.532
Commission @ 30%	\$ 0.254		\$ 0.647		\$ 0.393
Unbillables/Uncollectibles @ 19%	\$ 0.025		\$ 0.410		\$ 0.384
TOTAL	\$ 0.846		\$ 2.155		\$ 1.309

### FOOTNOTES:

- 1) Except where indicated, average figures for payphone services are taken from the FCC's Third Report and Order, and average figures for inmate services are taken from prior Coalition filings
- 2) Local service charges for payphone services include usage charges as estimated by the RBOC/GTE/SNET Coalition. Local service charges for inmate services are estimated based on analysis of ILEC tariffs in the 13 states w/ the lowest local collect call rates.
- 3) Estimate based on review of LEC and clearinghouse fees
- 4) Payphone returns calculated at 11% and inmate returns at 15%
- 5) Commission % for payphone services is assumed to be equal to commission % for inmate services
- 6) Unbillables for payphone services are estimated to be negligible. Estimated unbillables for inmate services have increased from 3% to 5% since previous Commission filings
- 7) Uncollectibles for payphone services are based on estimate provided by clearinghouse
- 8) Flex ANI fees are included in Local Service Charge per-call calculations
- 9) Validation estimates based on estimated call completion ratios for payphone services and inmate services

**ATTACHMENT A**

**EXHIBIT 13**

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554

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JUL - 1 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
)  
)

Implementation of the Pay )  
Telephone Reclassification and )  
Compensation Provisions of the )  
Telecommunications Act of 1996 )  
)  
)  
)

CC Docket No. 96-128

COMMENTS OF INMATE CALLING SERVICES PROVIDERS COALITION

Albert H. Kramer  
Robert F. Aldrich  
Jacob S. Farber

DICKSTEIN SHAPIRO MORIN &  
OSHINSKY L.L.P.

2101 L Street, N.W.  
Washington, D.C. 20037-1526  
(202) 785-9700

July 1, 1996

Attorneys for Inmate Calling Services  
Providers Coalition

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FEDERAL COMMUNICATIONS COMMISSION

Comments of Inmate Calling Services  
Providers Coalition

CC Docket No. 96-12  
Filed July 1, 1996

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554

In the Matter of

Implementation of the Pay  
Telephone Reclassification and  
Compensation Provisions of the  
Telecommunications Act of 1996

CC Docket No. 96-128

**COMMENTS OF INMATE CALLING SERVICES PROVIDERS COALITION**

The Inmate Calling Services Providers Coalition (the "Coalition") hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking, FCC 96-254 (June 6, 1996) ("Notice") in the above-captioned proceeding.

The Coalition is an ad hoc coalition of companies that provide highly specialized telephone equipment and services to inmates in confinement facilities. The Coalition's members<sup>1</sup> range in size from the nation's largest independent provider of inmate calling services to small companies serving only a handful of confinement facilities. They share in common the desire to offer the highest possible level of service

<sup>1</sup> The Coalition's members include AmeriTel Pay Phones, Inc., Communications Central Inc., Correctional Communications Corporation, Inc., InVision Telecom, Inc., M.O.G. Communications, Inc., Pay Tel Communications, Tataka and TELEQUIP Labs, Inc.

FEDERAL COMMUNICATIONS COMMISSION

Comments of Inmate Calling Services  
Providers Coalition

CC Docket No. 96-12  
Filed July 1, 1996

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Another basic requirement for inmate calling systems is the ability to limit call duration and/or to limit calling to a particular time of day, which often varies from inmate to inmate. This serves to provide confinement facilities with control over inmate phone usage while allowing more inmates greater access to the phones available to them. Additionally, restrictions may be placed on the number of calls an inmate is permitted to make over a given period.

The ability to restrict inmate calling by called number is another specialized requirement of inmate calling systems. Confinement facilities often require that ICSPs block an inmate's ability to make calls to certain designated numbers, such as to judges or witnesses. Additionally, confinement facilities may require the ability to restrict inmate calling only to certain pre-designated numbers, such as family members or the inmate's attorney. These requirements prevent or reduce harassment, fraudulent calling, and the use of the inmate calling system to engage in other criminal activity.

At the request of the confinement facility, many ICSPs have put into place additional called number screening mechanisms that permit free calling to certain predesignated numbers. These numbers typically include the public defenders' office, bail bondsmen, and commissary services.<sup>14</sup>

Some confinement facilities also request that ICSPs block calls attempted by particular inmates or calls attempted from certain inmate phones. This requirement

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<sup>14</sup> In addition to the costs involved in maintaining the hardware and software to provide this service, the ICSP also bears the costs of transmission, which can amount to \$.25 or more for a 10-minute call.